

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 RSC-01 RSR-01 /039 W

----- 074705

R 131101Z JUL 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6258

INFO USMISSION BERLIN

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USDOC WASHDC

UNCLAS SECTION 01 OF 03 BONN 09978

E.O. 11652: N/A

TAGS: BEXP

SUBJECT: FY 1974 COMMERCIAL OBJECTIVES

REF: A) STATE 128397; B) BONN 8754

1. SUMMARY: FIVE OF OUR HIGHEST PRIORITY COMMERCIAL OBJECTIVES ARE OUTLINED BELOW TOGETHER WITH APPROPRIATE ACTIONS WE INTEND TO TAKE DURING FY 74 TO BRING ABOUT THEIR ACHIEVEMENT: A) INCREASE THE NUMBER OF GERMAN FIRMS INVESTING IN PRODUCTION FACILITIES IN THE US; B) INCREASE GERMAN IMPORTS OF COMPUTER AND COMPUTER RELATED EQUIPMENT FROM THE US; C) ASSIST US FIRMS TO OBTAIN NUCLEAR POWER PLANT CONSTRUCTION CONTRACTS; D) IMPROVE MARKET PENETRATION PROGRAM; E) REALLOCATE CERTAIN RESOURCES IN ORDER TO ELIMINATE MARGINAL OR LOW PRIORITY COMMERCIAL ACTIVITIES. END SUMMARY

2. THE ACTION PROGRAM PROPOSED BELOW CONSISTS OF FIVE OF THE HIGHEST PRIORITY COMMERCIAL OBJECTIVES FOR THE COMMERCIAL PROGRAM IN GERMANY. IT ONLY PARTIALLY REFLECTS, HOWEVER, THE BREADTH AND INTENSITY OF THE COMMERCIAL ACTIVITIES IN WHICH BONN AND THE CONSTITUENT POSTS

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CIAL ACTIVITIES IN WHICH BONN AND THE CONSTITUENT POSTS

IN GERMANY ARE ENGAGED. NOR DOES IT ADEQUATELY INDICATE THE CHANGES THAT WE WOULD LIKE TO EFFECT IN THE PROGRAM TO MEET THE COMPETITIVE CHALLENGE OF THE GERMAN MARKET-PLACE AS WELL AS TO TAKE ADVANTAGE OF POTENTIAL EXPORT OPPORTUNITIES RESULTING FROM THE SUBSTANTIAL DEVALUATION OF THE DOLLAR IN ITS RELATION TO THE GERMAN MARK. TO OBTAIN A BETTER PICTURE OF OUR COMMERCIAL OBJECTIVES, WE URGE THAT THIS TELEGRAM BE READ IN CONJUNCTION WITH REF. B, WHICH OUTLINES SOME OF THE MAJOR INNOVATIVE EFFORTS WE HOPE TO MAKE IN THE NEAR FUTURE, AND THE ADDITIONAL RESOURCES WE NEED IN ORDER TO ACHIEVE OUR GOALS.

3. FOLLOWING IS OUR BRIEF ACTION PROGRAM FOR FY 74 CONSISTING OF FIVE HIGH PRIORITY COMMERCIAL OBJECTIVES. WE BELIEVE THAT THESE OBJECTIVES CAN BE ACHIEVED IN FY 74 UTILIZING RESOURCES ALREADY AVAILABLE.

A. INCREASE THE NUMBER OF GERMAN COMPANIES INVESTING IN PRODUCTION FACILITIES IN THE US. ACTION ONE: A CONFERENCE WILL BE HELD BY THE EMBASSY IN COOPERATION WITH OTHER POSTS IN GERMANY IN THE SPRING OF 1974 TO PROMOTE DIRECT GERMAN INVESTMENT IN THE US. APPROXIMATELY 60-80 GERMAN FIRMS WHICH HAVE BEEN IDENTIFIED AS GOOD POTENTIAL INVESTORS WILL BE INVITED TO THIS CONFERENCE WHERE EXPERTS WILL PROVIDE ESSENTIAL INFORMATION ON INVESTMENT OPPORTUNITIES IN THE US AND SUGGEST MEANS TO FACILITATE SUCH INVESTMENT. THIS CONFERENCE WILL FOLLOW ALONG THE SAME LINES AS THE ONE HELD BY THE EMBASSY IN DUSSELDORF IN MAY 1972 WHICH WAS ATTENDED BY 97 GERMAN BUSINESSMEN AND WHICH DID MUCH TO STIMULATE INTEREST IN INVESTMENT IN THE US. ACTION TWO: BONN AND OTHER POSTS WILL COOPERATE WITH THE AMERICAN CHAMBER OF COMMERCE WHICH IS HOLDING AN INVEST IN USA CONFERENCE IN STUTTGART ON NOVEMBER 27-29, 1973. ACTION THREE: POSTS WILL ASSIST AND SUPPORT REVERSE INVESTMENT MISSIONS FROM NORTH CAROLINA AND ELSEWHERE TO INDUCE GERMAN FIRMS TO INVEST IN THE USA. SUCH SUPPORT WAS GIVEN BY US TO THE RECENT VISIT OF THE AMERICAN IMPORTED AUTOMOBILE DEALERS ASSOCIATION, A VISIT WHICH WE BELIEVE HAS HAD A VERY FAVORABLE IMPACT ON THE GOVERNMENT OFFICIALS WITH WHOM WE UNCLASSIFIED

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ARRANGED APPOINTMENTS, AND WHICH WE HOPE WILL LEAD TO A POSITIVE DECISION BY VOLKSWAGEN TO INVEST IN THE USA. ACTION FOUR: AS A RESULT OF THESE ACTIVITIES AS WELL AS THE DEVALUATION OF THE DOLLAR, WE EXPECT THAT INVESTMENT IN THE US BY GERMAN FIRMS WILL INCREASE SUBSTANTIALLY DURING FY 74.

B. INCREASE GERMAN IMPORTS OF COMPUTER AND COMPUTER RELATED EQUIPMENT FROM THE US. ACTION ONE: BASED ON

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 RSR-01 RSC-01 /039 W  
----- 074775

R 131101Z JUL 73  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 6259  
INFO USMISSION BERLIN  
AMCONSUL BREMEN  
AMCONSUL DUSSELDORF  
AMCONSUL FRANKFURT  
AMCONSUL HAMBURG  
AMCONSUL MUNICH  
AMCONSUL STUTTGART  
USDOC WASHDC

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AVAILABLE RESEARCH, COMMERCE HAS AGREED TO SUPPORT AN OFFICIAL US EXHIBITION OF COMPUTER AND COMPUTER RELATED EQUIPMENT AT THE SYSTEMS 73 SHOW TO BE HELD IN MUNICH IN NOVEMBER. WE ANTICIPATE THAT SOME 80 US FIRMS WILL PARTICIPATE IN THE US PAVILION, MAKING IT ONE OF THE LARGEST OFFICIAL US GOVERNMENT EFFORTS IN THIS FIELD IN EUROPE. ACTION TWO: IN SUPPORT OF THIS SHOW, WE ANTICIPATE THAT GERMAN POSTS WILL MAKE OVER 100 PERSONAL CALLS ON KEY GERMAN END-USERS AND AGENT/DISTRIBUTORS. WE EXPECT THAT ABOUT \$1.5-2.0 MILLION IN INCREMENTAL SALES OF COMPUTER EQUIPMENT WILL RESULT, AND THAT 15-20 NEW-TO-MARKET FIRMS WILL CONCLUDE AGENCY AGREEMENTS TO ASSURE THE EXPANSION OF THEIR SALES IN GERMANY.

C. ASSIST US FIRMS TO OBTAIN NUCLEAR POWER PLANT CON-

STRUCTION CONTRACTS. THE EMBASSY AND OTHER POSTS IN GERMANY HAVE BEEN WORKING CLOSELY WITH US FIRMS INTERESTED IN OBTAINING MAJOR NUCLEAR POWER CONSTRUCTION CONTRACTS. THE MARKET FOR SUCH CONSTRUCTION IS EXPANDING IN GERMANY. TO HELP ACHIEVE OUR AIM OF LAYING THE

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GROUNDWORK LEADING TO THE SIGNING OF AT LEAST ONE SUCH CONTRACT WORTH ABOUT \$100 MILLION DURING THE NEXT 18-24 MONTH PERIOD, WE WILL TAKE THE FOLLOWING ACTIONS.

ACTION ONE: ASSURE THAT APPROPRIATE EX-IM BANK FINANCING FOR SUCH PROJECTS IS AVAILABLE

ACTION TWO: ASSURE THAT NON-DISCRIMINATORY TREATMENT IS ACCORDED US FIRMS BIDDING ON NUCLEAR POWER PROJECTS. ACTION THREE: PROVIDE INDUSTRY WITH UP-TO-DATE INFORMATION ON PROJECTED NUCLEAR POWER CONSTRUCTION PROJECTS TO ASSURE THAT US FIRMS HAVE AN OPPORTUNITY TO PARTICIPATE IN THE BIDDING. ACTION FOUR: DEVELOP AN APPROPRIATE STRATEGY TO ASSIST US FIRMS OBTAIN A SHARE OF THE BUSINESS EXPECTED TO RESULT FROM CURRENT TALKS ON THE BERLIN ENERGY SITUATION.

D. IMPROVED MARKET PENETRATION PROGRAM. THROUGH THE CONTINUED DEVELOPMENT OF AN IMPROVED SYSTEM OF KEY TARGET FIRM IDENTIFICATION INTRODUCED DURING THE LAST FISCAL YEAR, WE ANTICIPATE THAT THE NUMBER OF TRADE OPPORTUNITIES WILL INCREASE FROM APPROXIMATELY 800 IN FY 73 TO 950 THIS YEAR WITHOUT ANY ADDITIONAL PERSONNEL. FURTHER, WE ANTICIPATE THAT THE QUALITY OF THESE TOS WILL IMPROVE SUBSTANTIALLY AS A RESULT OF BETTER TARGETING OF TRADE PROSPECTS. THIS WILL BE ACCOMPLISHED THROUGH THE FOLLOWING ACTIONS. ACTION ONE: ALL MAJOR END-USERS WILL BE IDENTIFIED, AS WELL AS ALL OF THE MOST IMPORTANT AGENTS AND DISTRIBUTORS. ACTION TWO: POSTS WILL DETERMINE WHICH OF THESE TARGETED FIRMS WILL BE CALLED UPON DURING THE YEAR. THIS SELECTION WILL BE BASED ON INFORMATION NOW AVAILABLE TO US AS TO THE POTENTIAL BUYING POWER OF THESE FIRMS, THEIR PROBABLE INTEREST IN AMERICAN PRODUCTS WITH HIGH SALES POTENTIAL, AND THEIR EXPRESSED INTEREST IN PURCHASING US EQUIPMENT AS INDICATED BY ATTENDANCE AT TRADE FAIRS, TRADE CENTER SHOWS, ETC. ACTION THREE: POSTS WILL UTILIZE ALL OF THEIR KEY PERSONNEL, INCLUDING THE HIGHEST RANKING OFFICERS, TO ESTABLISH CONTACT WITH THESE TARGETED FIRMS IF WORKING LEVEL CONTACT HAS NOT ALREADY BEEN MADE. THESE VISITS WILL BE FOLLOWED UP IN A CONSISTENT MANNER TO ASSURE THAT ALL TRADE OPPORTUNITIES OFFERED BY THE FIRM ARE

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FULLY EXPLOITED. ACTION FOUR: TRADE OPPORTUNITIES  
GENERATED BY THIS SYSTEM WILL BE MONITORED SO THAT

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 RSR-01 RSC-01 /039 W

----- 074747

R 131101Z JUL 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6260

INFO USMISSION BERLIN

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

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CONTACTS BETWEEN POTENTIAL AMERICAN SUPPLIERS AND THE  
GERMAN FIRMS WILL BE FACILITATED.

E. RESOURCE REALLOCATION: ACTION ONE: FRANKFURT  
RECOMMENDS ELIMINATION OF CERP REPORT ON ELECTRIC POWER,  
AND STUTTGART THE REPORT ON PHOTOGRAPHIC INDUSTRY. THESE  
REPORTS ARE REGARDED AS MARGINAL OR OF NO PRACTICAL USE  
IN ATTAINING OUR COMMERCIAL GOALS, AND IT IS RECOMMENDED  
THAT SERIOUS CONSIDERATION BE GIVEN TO THEIR ELIMINATION.  
ACTION TWO: REDUCTION OF TIME SPENT ON LOW PRIORITY  
ADS'S (I.E. THOSE THAT INVOLVE PRODUCTS WHICH DO NOT  
HAVE HIGH SALES POTENTIAL IN GERMANY OR ARE NOT WITHIN

THE COMMERCE TARGET INDUSTRY SECTORS). ACTION THREE:  
CONCENTRATE ON CONTACTS WITH LARGER END-USERS AND BEST  
QUALIFIED AGENTS AND DISTRIBUTORS IN ORDER TO BETTER  
IDENTIFY MAJOR AND SIGNIFICANT TRADE OPPORTUNITIES AND  
CONSTRUCTION PROJECTS AND ELIMINATE MARGINAL TO'S.  
NOTE: A MAJOR REALLOCATION OF RESOURCES  
TO IMPROVE COMMERCIAL ACTIVITIES WOULD BE THE ASSIGNMENT  
OF AN OFFICER TO BONN WITH COUNTRY-WIDE RESPONSIBILITY  
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FOR EXPORT CONTROL ACTIVITIES, THUS RELIEVING THE POSTS  
OF A SIGNIFICANT WORK BURDEN THAT HAS SERIOUSLY HINDERED  
TRADE PROMOTION ACTIVITIES. THIS WAS RECOMMENDED IN  
REF B.  
HILLENBRAND

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